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RUEHVEN/USMISSION USOSCE 3194
RUCNDT/USMISSION USUN NEW YORK 2580
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S E C R E T SECTION 01 OF 03 BISHKEK 000047

SIPDIS

DEPT FOR SCA/CEN AND SCA/FO

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TAGS: [PGOV](#) [PREL](#) [MARR](#) [MOPS](#) [KG](#)

SUBJECT: RUSSIA OFFERS KYRGYZSTAN \$2.5 BILLION TO SHUT DOWN
MANAS AIR BASE

REF: A. 08 BISHKEK 1266

[1](#)B. 08 BISHKEK 1100

[1](#)C. 08 BISHKEK 1059

[1](#)D. 08 BISHKEK 1053

[1](#)E. 08 BISHKEK 1002

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Classified By: Ambassador Tatiana C. Gfoeller, Reasons 1.4 (a), (b), and (d).

[1](#)1. (C) SUMMARY: Senior Kyrgyz officials told the Ambassador January 14 that Russia had offered the Kyrgyz government over \$2 billion to close Manas Air Base, and the Kyrgyz will "probably accept" the offer because the government desperately needs the money. Chief of Staff Usenov said that President Bakiyev had not yet made a final decision regarding the Base, but was close. Usenov sharply contrasted the Russian offer with the much lower U.S. payments, but said that the situation "could still be saved" if the United States increased payments for the Base. He suggested a 10-year deal at \$500 million per year. While the Kyrgyz are using the reported Russian offer as a tactic to try to extract more money from the U.S. side, we believe the threat to close the base is real. If DOD wants to retain access to Manas Air Base, Embassy recommends sending a negotiating team within the month. END SUMMARY.

"A Wedding without a Bride"

[1](#)2. (C) Ambassador met January 14 with newly appointed Presidential Chief of Staff Daniyar Usenov and Foreign Policy Advisor Islan Ryskulov to discuss media reports that the Kyrgyz Government was preparing to close the Manas Air Base, and to preview the upcoming visit of U.S. CENTCOM Commander Gen. David Petraeus to Bishkek on January 18-19. The Ambassador met with Usenov and Ryskulov together, and then with Ryskulov one-on-one.

[1](#)3. (C) Usenov opened the meeting in a positive tone, noting that he "loved the U.S." and his son was studying at

university in California. He remarked that this was his first meeting with a foreign ambassador since his appointment January 12, and he stressed that he was committed to a multi-vector foreign policy. His tone quickly changed, however, as he complained about the lack of U.S. investment in Kyrgyzstan. He said that for Kyrgyzstan, the U.S. relationship was like a "wedding without a bride" -- the promised economic investment and compensation has never come. "Everything is in the military framework," Usenov claimed, "with no help to Kyrgyz banks or the stock exchange."

Usenov Describes Russian "Offer"

¶4. (C) Turning to the press reports that the Kyrgyz Government was preparing to close Manas Air Base, Usenov said that while the press often reported "rumors," there was usually something behind such rumors. Usenov then detailed a Russian offer to bring over \$2.5 billion in investment to Kyrgyzstan. Usenov said that in its current form, the offer included a grant of \$150 million, a \$300 million concessional loan, and the rest to develop the Kambarata 1 and Kambarata 2 hydroelectric projects. Usenov added that Russia had also offered to use its good offices to broker a Central Asia water-energy agreement, on terms beneficial to Kyrgyzstan.

Situation "Could Still Be Saved"

¶5. (C) Usenov then complained that in contrast to the Russians, "You give us nothing." The Ambassador reiterated the strategic importance of the base for Kyrgyz and regional stability, and reviewed the economic benefit the base brings

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to the local and national economy. Usenov said he had participated in the 2006 base renegotiations, and the end result had generated "bad feelings" on the Kyrgyz side. "If you had given us what we wanted then, there would have been no opening for the Russians now," Usenov said. (Note: In spring 2006, President Bakiyev publicly demanded at least \$200 million a year for land leases and access to the Base. End Note.)

¶6. (C) Usenov said that the situation "could be saved" if the U.S. would increase compensation for the Base. He said that the Kyrgyz government's desperate need for money meant the Russians had the Kyrgyz "by the throat." To counter this, the U.S. could help "with the IMF and World Bank" to increase their support to Kyrgyzstan. Usenov also suggested increasing assistance from USAID, "for programs we want, not what you think we want." Pointing to a local glass factory and a new cement plant, Usenov said that there were "many things" Kyrgyzstan could supply for redevelopment in Afghanistan. Summing up, Usenov suggested that "we could make a deal" for \$500 million per year. For that amount, he said, "Perhaps we could sign a 10-year contract" to guarantee access to Manas for the entire period, with no six-month termination clause.

Petraeus Visit

¶7. (C) Regarding the January 18-19 visit of U.S. CENTCOM Commander Gen. Petraeus to Kyrgyzstan, Usenov said he "would work" to get Petraeus meetings with President Bakiyev and Prime Minister Chudinov. Usenov said he had read a biography of Petraeus and believed that he was a person who could "turn the base situation around here." Usenov said that in a meeting with Bakiyev, it would be good for Petraeus to provide an explanation and update of the December 2006 shooting case, as well as to bring "concrete proposals" to increase compensation for the Base. "If it's just a 'get to know you' meeting, Usenov said, 'it's not worth it.'" Ambassador raised the proposed parking ramp project, which would represent a \$30 investment in the airport's

infrastructure. Usenov dismissed this, remarking that, again, the ramp was something the U.S. wanted, "not what we want."

Situation "Untenable"

¶18. (C) Ambassador then met separately with Ryskulov. Ryskulov said Bakiyev had not yet made a final decision regarding the Base, but the current situation was "untenable." The Government's financial situation was "dire," and they desperately needed the money. "You spend \$1 billion a day in Afghanistan," Ryskulov asserted, "so you can afford more for the Base."

¶19. (C) Ryskulov then made explicit what Usenov had only implied: the Russians' financial "incentives" were tied to their "negative pressure" to close the Base. The Ambassador reviewed the strategic and economic benefits the base, and noted that stability operations in Afghanistan also benefited Russia. Closing Manas Air Base did not serve Russian strategic interests. Ryskulov responded that the Russians tell the Kyrgyz that the American base has been here 8 years, and that's long enough.

¶10. (C) Ryskulov advised that if Gen. Petraeus meets with Bakiyev, he not bring up the U.S.-proposed \$30 million parking ramp project for the Base. Ryskulov said that Bakiyev had already decided against this project, and he would oppose anything that appeared to expand the Base or make it more permanent. Raising this issue now, Ryskulov said, would only "stir up" bad feelings.

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Comment

¶11. (C) We are now in the bazaar, and if we want to maintain access to Manas, we need to respond accordingly. The Bakiyev government has consistently pushed for greater direct compensation for the Base, the July 2006 base financing protocol notwithstanding. If it is worth increasing our compensation, we should signal to the Kyrgyz as soon as possible our willingness to enter into negotiations. In 2006, what finally got the attention of the Kyrgyz was when we sent a DOD negotiating team to Bishkek. Ideally, General Petraeus should be authorized to inform the Kyrgyz during his visit that a team will arrive in Bishkek within a few weeks.

¶12. (S) Other reporting and press support the Russian proposal as outlined by Usenov, but both indicate the details are not firm. At first glance, the Russian offer appears very generous, but on closer inspection there is somewhat less than meets the eye. The bulk of the proposal is a \$1.7 billion commercial construction loan at an interest rate still under negotiation. This loan would nearly double Kyrgyzstan's foreign debt. Next is a \$300 million loan at concessional rates, and last, according to Usenov, is a \$150 million grant. (Note: This doesn't add up to the \$2.5 Usenov claimed as the value of the Russian offer. End Note.) This last item is the real sweetener, and it compares favorably to the \$17.4 million compensation the U.S. provides Kyrgyzstan directly for Manas Air Base. However, when you add in the \$60-80 million in contracts, salaries to Kyrgyz workers, and local procurement that the Base provides, it is possible that a relatively modest increase in compensation -- between \$50 and \$100 million -- could persuade the Kyrgyz to keep Manas open.

¶13. (C) For example, raising direct compensation to \$50 million per year, coupled with an offer to provide \$50 million in ESF to purchase gas, coal and heating oil each year, could prove very attractive to the Kyrgyz. In exchange, the U.S. could seek resolution on a number of outstanding issues. These could include granting approval

for the proposed ramp construction and other infrastructure projects (assuming we would still want them), return of the weapons the Kyrgyz confiscated in August, agreement that the Kyrgyz will compensate air navigators and remove the threat of an air traffic control strike, and agreement from the Kyrgyz that the increased compensation covers any alleged environmental damage caused by the Base and its operations (e.g. fuel dumping). Finally, we could pledge (as we are already doing) to bring the shooting investigation to an end and proceed to a conclusion under the UCMJ.

¶14. (C) This is a clear attempt at blackmail and an effort to play us off against the Russians. However, our options are limited. If we want to keep Manas, we will have to up the ante. In the process, though, we could seek to resolve the many outstanding irritants related to the Base that have undermined Kyrgyz goodwill towards us and cooperation on base related issues.
GFOELLER